

March 27, 2007

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**WASHINGTON, DC** - U.S. Rep. Charlie Melancon spoke on the floor of the U.S. House of Representative today in support of the Katrina Housing Tax Relief Act of 2007 (H.R. 1562), a bipartisan bill designed to help get affordable housing in the Gulf Coast region rebuilt quickly. The bill passed the House by a voice vote.

**"It is hard to exaggerate the devastation Hurricanes Katrina and Rita caused in south Louisiana,"** Rep. Melancon told his colleagues in his floor speech today. **"Over a million people had to flee their homes, and over 200,000 homes were damaged or completely destroyed."**

**"There is a severe housing shortage in the region... Average working people can't move home because they can't find affordable housing.... Extending these important tax credits will make it feasible for developers to continue re-building affordable housing in south Louisiana."**

The Katrina Housing Tax Relief Act of 2007 helps Katrina and Rita survivors by:

- **Strengthening tax incentives for building affordable rental housing in hurricane-affected areas of the Gulf Coast.** The low-income housing credit is a federal tax credit designed to encourage development of low-income housing. The Gulf Opportunity Zone Act of 2005 (PL 109-135) increased the amount of low-income housing credits available in hurricane-affected areas of the Gulf Coast. However, those benefits were available only if affordable rental units were built and inhabited by 2008.

The Katrina Housing Tax Relief Act of 2007 strengthens tax incentives to builders of affordable rental housing by extending the current deadline for GO Zone tax credits by an extra two years - extending the deadline for units to be inhabited from 2008 to December 31, 2010. At a hearing earlier this month, the Ways and Means Committee had learned that one of the key problems regarding housing in the Gulf Coast region was that the 2008 deadline might not

be met in some hard-hit areas.

The bill also prevents Community Development Block Grants from being taken into account in determining whether a building is federally subsidized under the low-income housing credit provisions of the GO Zone Act. Federally subsidized properties receive a smaller credit than those that are not subsidized, so this provision ensures that developers could get the larger credit. This would apply to property built and inhabited by December 31, 2010.

- **Expanding access to low-income financing for homeowners in hurricane-affected areas of the Gulf Coast.** Mortgage Revenue Bonds are tax-exempt bonds that can be used to provide low-interest financing for home purchases. Generally, the bonds cannot be used to refinance existing mortgages. This bill would help homeowners in the Gulf Coast region by modifying the program to allow funds to be used to refinance existing mortgages on homes that were damaged by the hurricanes in the area. This provision applies to financing provided before the end of calendar year 2010.

- **Following House PAYGO rules and using offsets to pay for the relief.** The bill meets the House pay-as-you-go requirements. The bill is fully paid for by a provision strengthening tax enforcement, as proposed in President Bush's FY 2008 budget request and as passed by the Senate in its Small Business and Work Opportunity Act of 2007, which was passed on February 1.

**Rep. Melancon added, "Finally, as a fiscal conservative and Blue Dog, I want to point out that this bill follows House PAYGO rules and will not increase the deficit. In fact, the offsets contained in this bill - which involve streamlining some IRS collection rules - will slightly INCREASE revenue."**

Rep. Melancon offered the following comments on the floor of House today in support of the Katrina Housing Tax Relief Act of 2007:

*"Mr. Speaker,*

*"I am here today to speak in support of the Katrina Housing Tax Relief Act, which will extend*

*important tax credits and waivers that are boosting rebuilding efforts along the Gulf Coast.*

*"It is hard to exaggerate the devastation Hurricanes Katrina and Rita caused in south Louisiana. Over a million people had to flee their homes, and over 200,000 homes were damaged or completely destroyed. In St. Bernard Parish, a community to the east of New Orleans that I represent, it is reported that only five or six homes out of almost 27,000 were inhabitable after the storm. It will take many years to repair the damage Katrina and the levee failures caused in just a few days.*

*"The enormous extent of the damage, and the unprecedented time and money it will take to recover, are why we need to pass the Katrina Housing Tax Relief Act. For south Louisiana to rebuild, we need to continue encouraging developers to build affordable housing, not just high-priced condos. There is a severe housing shortage in the region, and rental prices have increased by 39 percent and more since the storm. Home sale prices in suburban parishes have also skyrocketed. Average working people can't move home because they can't find affordable housing.*

*"One of the most important features of this bill is the extension of Gulf Opportunity Zone low income housing tax credits until the end of 2010. Louisiana is offering these tax credits to developers who build affordable housing in the hurricane-affected communities, but current law requires that developers have the projects built and occupied by the end of 2008.*

*"In the post-storm world of south Louisiana, this is almost impossible. The Housing Finance Agency in New Orleans estimates that 65 percent of the 17,000 affordable housing units under development -- about 11,050 units -- won't make the deadline to be available for rent by the deadline at the end of 2008.*

*"Under the normal circumstances, apartment projects would take 18 to 24 months to complete, meaning that even without the special Katrina challenges, finishing projects by December 2008 would be a tight deadline.*

*"Add in all the extenuating circumstances in post-Katrina Louisiana -- mold remediation for flood-damaged rehabilitation projects, elevating properties, getting permits and going through zoning requirements under new community planning efforts, not to mention finding the workers*

*and materials to do the projects, and problems with water, sewer and gas lines -- and there's no way developers can finish in time.*

*"Extending these important tax credits will make it feasible for developers to continue re-building affordable housing in south Louisiana.*

*"Finally, as a fiscal conservative and Blue Dog, I want to point out that this bill follows House paygo rules and will not increase the deficit. In fact, the offsets contained in this bill - which involve streamlining some IRS collection rules - will slightly INCREASE revenue.*

*"People in south Louisiana and all along the Gulf Coast need this bill. I urge my colleagues to vote in favor of the Katrina Housing Tax Relief Act, and help keep the recovery moving forward. Thank you."*

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